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**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2015-287-C – ORDER NO. 2015-\_\_\_\_\_**

APPLICATION OF STRATUS NETWORKS, INC	)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE	)	ORDER GRANTING
AND NECESSITY TO PROVIDE RESOLD	)	CERTIFICATE
LONG DISTANCE TELECOMMUNICATIONS	)	AND APPROVING
SERVICES AND ALTERNATIVE REGULATION	)	ALTERNATIVE
OF ITS LONG DISTANCE SERVICE OFFERINGS	)	REGULATION
	)	

This matter came before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Stratus Networks, Inc. (“Applicant” or “the Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold long distance telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S. C. Code Ann. § 58-9-280(B), the rules and regulations of the Commission, and Section 253 of the Telecommunications Act of 1996. By its Application, the Company also requests alternative regulation of its business interexchange services consistent with Commission orders, and waiver of certain Commission regulations.

The Commission’s Clerk’s Office instructed the Company to publish, one time, a Notice of Filing in a newspaper of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of the Company and of the manner and time in which to file the appropriate pleadings for the participation in the proceeding. The Applicant complied with the instruction and provided the Commission with proof of publication of the Notice of Filing.

A hearing was convened on November 2, 2015 at 10:30 a.m. in the offices of the Commission in Columbia, South Carolina, before David Butler, Hearing Examiner. The Company

was represented by Charles L.A. Terreni. The Office of Regulatory Staff (“ORS”), through its counsel, Andrew Bateman, indicated that it had reviewed the Application and did not oppose the Commission granting the Application, and was granted leave to be excused from the hearing.

Kevin Morgan, Chief Executive Officer of the Company, testified in support of the Company’s Application.<sup>1</sup> The record shows that the Company is a corporation organized under the laws of the State of Illinois, and authorized to transact business in the State of South Carolina. According to Mr. Morgan, the Company seeks authority to act as a reseller of long distance interexchange services. Mr. Morgan explained the Company’s request for authority and discussed the Company’s services, operations, and marketing procedures. The Company intends to offer resold interexchange services through the state. Mr. Morgan also discussed the Company’s technical, financial, and managerial resources to provide the services for which it seeks authority.

With regard to technical, financial, and managerial capabilities, the Company’s Application and Mr. Morgan’s testimony both evidence that the Company’s management has extensive experience in telecommunications, information technology, regulatory matters, and accounting and finance. The Company maintains a toll-free customer service line, and customers may also contact the company by email or in writing. The Applicant’s witness also testified that the Company will operate in accordance with Commission rules, regulations, guidelines and Commission orders. Mr. Morgan averred that approval of the Company’s Application was in the public interest.

The Company requests a waiver of S.C. Code of Reg. 103-610, since the Company’s books are maintained in another state. The Company also requests a waiver of any Commission policy

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<sup>1</sup> Mr. Morgan was granted leave to present his testimony remotely, by a audio-visual connection.

that would require it to maintain its books under the Uniform System of Accounts (“USOA”) method. The Company uses Generally Accepted Accounting Principles (“GAAP”) to maintain its books. Therefore, according to the Company, it would create a hardship to maintain a separate accounting system. The Company also requests a waiver of the requirement that it file operating area maps and publish directories. S.C. Code of Reg. 103-612.2.3 and 103-631.

After consideration of the applicable law, the Company’s Application, and the evidence presented at the hearing, and the Hearing Officer’s recommendation, the Commission hereby issues its findings of fact and conclusions of law:

#### FINDINGS OF FACT

1. Applicant is organized as a corporation under the laws of the State of Illinois and is authorized to do business in South Carolina the Secretary of State.
2. Applicant desires to operate as a provider of resold interexchange services in South Carolina.
3. We find that the Applicant possess the managerial, technical and financial experience and capability to operate as a provider of resold interexchange services in South Carolina.
4. We find that the issuance of a Certificate of Public Convenience and Necessity to the Applicant to operate as a reseller of interexchange services in South Carolina would be in the best interest of the citizens of South Carolina by providing more competitive services.
5. The Company requests a waiver of S.C. Code of Reg. 103-610’s requirement that it maintain its books in South Carolina and for waiver of any Commission policy that would require

it to maintain its books under the USOA. The Company has also requested a waiver of the requirement that it maintain operating area maps and publish directories. The Commission finds that the Company's requested waivers are reasonable and understand the potential difficulty presented to the Company should the waivers not be granted.

#### CONCLUSIONS OF LAW

1. The Commission concludes that the Applicant has the managerial, technical, and financial resources to provide the telecommunications services described in its Application.

2. The Commission concludes that the issuance of the authority to provide intrastate interexchange telecommunications services as requested by the Applicant and as set forth in its Application and the testimony is in the best interest of the citizens of the State of South Carolina.

3. The Commission concludes that Certificate of Public Convenience and Necessity should be granted to the Applicant to provide resold intrastate interexchange telecommunications services.

4. The Commission adopts a rate design for the Applicant for its residential exchange services if any, which includes maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has previously been adopted by the Commission. *In re Application of GTE Sprint Communications Corporation, etc.* Order No. 84-622, Docket No. 84-10-C.

5. The Applicant should not adjust its residential interchange rates for end users, if any, below the approved maximum level without notice to the Commission and the public. The applicant shall file its proposed rate changes, publish its notice of such changes, and file affidavits

of publication with the commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instance which do not affect the general body of subscribes or do not constitute a general rate reduction. *Id.* Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceedings and will be treated in accordance with the notice and hearing provisions of S.C. Code § 58-9-540.

6. The Commission concludes that the Applicant's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55. *Petition of AT&T Communications of the Southern States, Inc. Requesting Alternative Regulation of Certain Services in South Carolina.* Docket No. 95-661-C. The Commission has previously granted this "alternative regulation" to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to grant this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subjected to a relaxed regulatory scheme identical to that granted to similarly situated interexchange carriers in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

7. However, in Order No. 2001-997, this Commission has modified alternative regulation by the re-imposition of rate caps with regard to the certain "operator-assisted calls" where a customer uses a local exchange carrier's calling card to complete calls from locations

which have not selected that local exchange carrier as the toll provider. *Proceeding to Consider Implementation of a Cap on Surcharges and Rates Associated with Operator Assisted Calls*, Docket No. 2000-407-C. Order No. 2001-997 imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum, cap of \$0.35 related to the flat per-minute rate associate with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigate of a particular tariff filing within the seven (7) days, the tariff filing will then be suspended until further Order of the Commission.

8. We conclude that the Applicant's request for waiver of the requirements of S.C. Code Reg. 103-610, 103-612.2.3 and 103-631 and use of the USOA should be granted. The waivers are not contrary to the public interest.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to the Company to provide intrastate interexchange services through its own facilities and by the resale of services authorized for resale by tariffs of carriers approved by the Commission within the State of South Carolina
2. The Company's rate designs for its products shall conform to those designs described in the Conclusions of Law above.
3. It has not already done so by the date of issuance of this Order, the Company shall file its tariff utilizing the Commission's e-filing system of tariffs. The tariff should be electronically filed

in a text searchable PDF format using the Commission's DMS System (<http://dms/psc.sc.gov>).

An additional copy should be sent via email to [etariff@psc.sc.gov](mailto:etariff@psc.sc.gov). Future revisions to the tariff should be made using the ETariff System. The tariff must be consistent with the findings of the Order and shall be consistent with the Commission's Rules and Regulations.

4. The Company shall resell the services of only those interexchange carriers or LEC's authorized to do business in South Carolina by the Commission. If applicant changes underlying carriers, it shall notify the Commission in writing.
5. In addition to the financial filings required above, the Company shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information., Therefore, the Company shall keep financial records on any intrastate basis for the state of South Carolina to comply with the annual report and gross receipts filings. The form for filing annual financial information can be found on the ORS's website at [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov). The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than April 1<sup>st</sup> of each year.
6. Commission gross receipts forms are due to be filed with the Commission and the ORS no later than August 31<sup>st</sup> of each year. The proper form for filing gross receipts information can be found at the ORS's website and it is entitled "Gross Receipts Form."
7. Each telecommunications company certified in South Carolina is required to file annually with the ORS a South Carolina Universal Service Fund ("USF") Contribution Worksheet, which may be found on the ORS's website. This worksheet provides ORS information required to

determine each telecommunication company's obligation to the State USF. The South Carolina Universal Service Fund Worksheet is due to be filed annually no later than July 1<sup>st</sup> of each year.

8. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, test and repairs. In addition, the Company shall provide to the Commission and the ORS, in writing, the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. The Company shall file the names, addresses, and telephone numbers of those representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the ORS website; this form shall be utilized for the provision of this information to the Commission and the ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are changed.
9. The Company is directed to comply with all rules and regulations of the Commission, unless specifically waived by the Commission.
10. The Commission finds that the Applicant's' requested waivers are reasonable and understands the potential difficulty presented to the Applicant should the waivers not be granted. The Commission therefore grants the requested waiver. However, the Applicant shall make available its books and records at all reasonable times upon request by the ORS, and the Applicant shall promptly notify the Commission and the ORS if the location of its books and records changes.



11. This Order shall remain in full force and effect until further order of the Commission.

IT IS SO ORDERED,

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Nikiya Hall, Chairman

ATTEST:

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Swain E. Whitfield, Vice-Chairman